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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

BOB STUMP - Chairman
GARY PIERCE
BRENDA BURNS
BOB BURNS
BRENDA BURNS

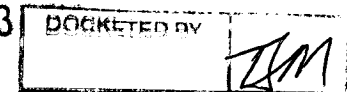
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Arizona Corporation Commission

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MAR 29 2013

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IN THE MATTER OF THE APPLICATION OF
TUSAYAN WATER DEVELOPMENT
ASSOCIATION, INC. FOR ESTABLISHMENT
OF RATES FOR WATER SERVICE.

DOCKET NO. W-02350A-10-0163

IN THE MATTER OF THE APPLICATION OF
ANASAZI WATER CO., LLC FOR
ADJUDICATION "NOT A PUBLIC SERVICE
CORPORATION."

DOCKET NO. W-20765A-10-0432

IN THE MATTER OF THE APPLICATION OF
HYDRO-RESOURCES, INC. FOR
ADJUDICATION "NOT A PUBLIC SERVICE
CORPORATION."

DOCKET NO. W-20770A-10-0473

PROCEDURAL ORDER

BY THE COMMISSION:

On April 29, 2010, Tusayan Water Development Association, Inc. ("Tusayan") filed with the Arizona Corporation Commission ("Commission"), in Docket No. W-02350A-10-0163 ("Tusayan Docket"), a rate application using a test year ending December 31, 2009.

Since that time, through a series of events more fully described in prior Procedural Orders issued in this matter, processing of Tusayan's rate application has been suspended; Tusayan has been deemed to have filed an adjudication application; Tusayan's adjudication application has been consolidated with adjudication applications filed by Hydro-Resources, Inc. ("Hydro") and Anasazi Water Company, LLC ("Anasazi"); intervention has been granted to Tusayan Ventures LLC ("T Ventures") and to the Town of Tusayan ("Town"); the Commission's Utilities Division ("Staff") has found all three adjudication applications to be sufficient; and late intervention has been granted to Squire Motor Inns, Incorporated ("Squire"). In addition, a hearing scheduled to commence on September 9, 2011, instead proceeded only for public comment and a procedural conference, and a September 21, 2011, hearing date was vacated to allow for settlement discussions. The parties have been working to finalize Settlement Agreement language since approximately October 2011.

1 Procedural conferences have been held on October 7, 2011; November 21, 2011; January 17,
2 2012; March 19, 2012; and April 30, 2012. At these procedural conferences, the parties have
3 provided progress reports and have requested additional time to work out the intricacies of the
4 Settlement Agreement and another separate agreement ("Transfer Agreement") regarding the transfer
5 of property and rights to Hydro, whom the parties intend to become the single water utility and
6 CC&N holder for the area. The parties have reported that all parties are expected to enter into the
7 Settlement Agreement.

8 On January 17, 2012, a Procedural Order was issued scheduling a procedural conference to be
9 held on March 19, 2012; requiring the parties to ensure that copies of the Settlement Agreement are
10 filed promptly upon execution; and requiring Tusayan and Hydro to file their respective CC&N-
11 related application/s within 14 days following the execution of the Settlement Agreement.

12 At the procedural conference held on March 19, 2012, the parties reported that substantial
13 progress had continued on the Settlement Agreement, but that because of several issues recently
14 raised, the parties were still working out the language of the Settlement Agreement and preferred not
15 yet to discuss establishment of a procedural schedule. Hydro and Anasazi also had not yet completed
16 the Transfer Agreement. The parties indicated that they would like to have another procedural
17 conference scheduled at the end of April, at which time the parties expected to be ready to propose a
18 procedural schedule. A Procedural Order was issued on March 19, 2012, scheduling a procedural
19 conference to be held on April 30, 2012.

20 At the procedural conference held on April 30, 2012, the parties reported that although there
21 had been a brief impasse in their negotiations, they had again reached a conceptual agreement; would
22 be holding a meeting to iron out remaining language; and still anticipated entering into a global
23 Settlement Agreement. Hydro reported that the service area to be proposed in its upcoming CC&N
24 application would be different than originally anticipated, as the "Red Feather properties" would be
25 carved out¹ and some other properties included, but that Hydro's preparations were well underway.
26 Hydro also reported that the current price disparities for water service in the proposed service area
27

28 ¹ It was reported that the Red Feather properties would be providing water services to themselves and no others.

1 may be eliminated while its CC&N application is pending. Hydro requested additional time to file its
2 CC&N application after the Settlement Agreement is executed, however, as it was concerned that the
3 14-day period established by the Procedural Order issued on January 17, 2012, may not be sufficient.
4 Hydro requested that it be permitted 30 days after the execution of the Settlement Agreement to file
5 its CC&N application. After brief discussion, it was determined that 45 days would be a more
6 appropriate time period.

7 Although a global settlement appeared to be imminent when the parties last provided updates
8 in April 2012, almost a year has now passed without the filing of either a Settlement Agreement or an
9 update as to the status of this matter. Thus, it is necessary and appropriate to require each party to
10 provide an update as to the status of the settlement efforts, the individual party's position regarding
11 the best process for going forward and reaching resolution in this matter, and any additional
12 information the party believes to be relevant regarding the current or future state of water service in
13 the affected area.

14 IT IS THEREFORE ORDERED that **each party** to this matter shall, **by April 26, 2013**, file a
15 document providing (1) an update as to the status of the parties' settlement efforts, (2) the individual
16 party's position regarding the best process for going forward and reaching resolution in this matter,
17 and (3) any additional information the party believes to be relevant regarding the current or future
18 state of water service in the affected area.

19 IT IS FURTHER ORDERED that the Administrative Law Judge may rescind, alter, amend,
20 or waive any portion of this Procedural Order either by subsequent Procedural Order or by ruling at
21 hearing.

22 DATED this 29th day of March, 2013.

23
24 
25 SARAH M. HARPRING
26 ADMINISTRATIVE LAW JUDGE
27
28

Copies of the foregoing mailed/delivered
this 29th day of March, 2013, to:

Russell A. Kolsrud
Ryan J. Lorenz
CLARK HILL PLC
14850 North Scottsdale Road, Suite 500
Scottsdale, AZ 85254
Attorneys for Tusayan Water
Development Association, Inc.

Garry D. Hays
THE LAW OFFICES OF GARRY D. HAYS, PC
1702 East Highland Avenue, Suite 204
Phoenix, AZ 85016
Attorney for Tusayan Ventures LLC

Paul L. Brinkmann
SHORALL MCGOLDRICK BRINKMANN
702 North Beaver
Flagstaff, AZ 86001
Attorney for Anasazi Water Co., LLC

Steven A. Hirsch
Rodney W. Ott
BRYAN CAVE LLP
Two North Central Avenue, Suite 2200
Phoenix, AZ 85004-4406
Attorneys for Hydro-Resources, Inc.

William J. Sims III
LASOTA & PETERS, PLC
722 East Osborn, Suite 100
Phoenix, AZ 85014
Attorney for the Town of Tusayan


Enrique Medina Ochoa, Town Manager
TOWN OF TUSAYAN
P.O. Box 709
Tusayan, AZ 86023

Michael W. Patten
Timothy J. Sabo
ROSHKA, DEWULF & PATTEN, PLC
One Arizona Center
400 East Van Buren Street, Suite 800
Phoenix, AZ 85004
Attorneys for Squire Motor Inns, Incorporated

Janice Alward, Chief Counsel
Legal Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, AZ 85007

Steven M. Olea, Director
Utilities Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, AZ 85007

By:


Debbi Person
Assistant to Sarah N. Harpring